

COUNCIL OF THE CITY OF ABERDEEN
Emergency Ordinance No. 17-O-02

Introduced By:	Mayor Patrick L. McGrady
Date Introduced:	January 9, 2017
Amendments Adopted:	January 9, 2017
Date Adopted:	January 9, 2017
Date Effective:	January 10, 2017

AN EMERGENCY ORDINANCE concerning

BORROWING AUTHORIZATION

FOR the purpose of authorizing the borrowing, upon the full faith and credit of the City, the sum of \$1,395,178 from Manufacturers and Traders Trust Company (“M&T”) for a period of up to 5 years, subject to a certain interest rate, under certain other terms and conditions specified in a certain letter of intent from M&T, and for the purpose of funding equipment and infrastructure for City of Aberdeen wastewater system operations; authorizing the execution of one or more notes and other closing documents necessary to consummate the loan; authorizing the private sale of the loan; and generally relating to the authorization for borrowing money for City of Aberdeen public purposes.

EXPLANATORY STATEMENT: Section VIII.18A. of the Charter of the City of Aberdeen, as enacted by Charter Amendment Resolution 16-CR-01, authorizes the City of Aberdeen to borrow upon the City’s full faith and credit such sum or sums up to \$3,000,000 for a period of up to 15 years for the payment of obligations of the City, with the repayment of such sums being evidenced by the issuance of one or more notes. Any such notes shall be authorized, issued and sold in such manner, upon such terms and conditions, and bear such interest rate, as determined by the City Council by Ordinance. Any notes issued under this authorization may be sold at private sale without advertisement, publication, notice of sale or solicitation of competitive bids when such private sale is authorized by ordinance.

The City has determined that it is necessary and desirable to borrow the sum of \$1,395,178 for a period of up to five years for the purpose of funding equipment and infrastructure for City of Aberdeen wastewater system operations. The City solicited proposals for this loan from 7 commercial lending institutions and received three bids. A December 21, 2016, letter of intent proposal from M&T, a copy of which is attached to this Ordinance as **Exhibit 1** and incorporated by reference (“the M&T Proposal”), provided the terms for the loan most favorable to the City.

1 The City Council has determined that it is desirable to authorize the City to borrow the
2 sum of \$1,395,178 from M&T by private sale under Section VIII.18A. of the City Charter, upon
3 the full faith and credit of the City, and to issue its note or notes or bond to evidence and secure
4 repayment of this indebtedness ("the Notes") to M&T, at the interest rate, for the repayment term
5 and under the other terms and conditions specified in the M&T Proposal, which terms and
6 conditions the City Council accepts. Now, therefore,

7
8 **SECTION 1. BE IT ENACTED BY THE COUNCIL OF THE CITY OF**
9 **ABERDEEN**, that the City Council authorizes the City to borrow the sum of \$1,395,178 from
10 M&T by private sale under Section VIII.18A. of the City Charter, upon the full faith and credit
11 of the City, and to issue the Notes to evidence and secure repayment of this indebtedness to
12 M&T, at the interest rate, for the repayment term and under the other terms and conditions
13 specified in the M&T Proposal.

14
15 **SECTION 2. BE IT FURTHER ENACTED BY THE COUNCIL OF THE CITY**
16 **OF ABERDEEN**, that the City shall use the proceeds of the sums so borrowed pursuant to this
17 Ordinance for the purpose of funding the acquisition and construction of equipment and
18 infrastructure, including the cost of issuance of the Notes, for City of Aberdeen wastewater
19 system operations.

20
21 **SECTION 3. BE IT FURTHER ENACTED BY THE COUNCIL OF THE CITY**
22 **OF ABERDEEN**, that pursuant to Treasury Regulations 1.150-2, governing the use of bond
23 proceeds for the purpose of reimbursing expenditures paid prior to the issuance of Notes,
24 including bonds, and as permitted by Treasury Regulations 1.150-2(e)(1), the Director of
25 Finance of the City of Aberdeen is hereby duly designated to make declarations of Official Intent
26 on behalf of the City of Aberdeen. The City of Aberdeen expects that all or a part of the capital
27 expenditures for the Projects will be paid prior to the issuance of the Notes, and that the proceeds
28 of the Notes will be used to reimburse the City of Aberdeen for capital expenditures paid prior to
29 the issuance of the Notes. The City of Aberdeen reasonably expects to reimburse a portion of the
30 capital expenditures for the Projects with proceeds of the Notes, in the maximum principal
31 amount of One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight
32 Dollars (\$1,395,178.00), and this Ordinance shall be available for public inspection at the offices
33 of the City of Aberdeen during regular business hours and in accordance with the laws of the
34 State of Maryland and the City of Aberdeen, regarding access to public records.

35
36 **SECTION 4. BE IT FURTHER ENACTED BY THE COUNCIL OF THE CITY**
37 **OF ABERDEEN**, that the Mayor, City Finance Director, City Clerk and other officials of the
38 City are authorized and directed to execute and deliver on behalf of the City the Notes and other
39 documents necessary to consummate the loan and issue the Notes.

40
41 **SECTION 5. BE IT FURTHER ENACTED BY THE COUNCIL OF THE CITY**
42 **OF ABERDEEN**, that this Emergency Ordinance shall become effective the day following
43 adoption by the City Council.
44

EXHIBIT 1

Rec'd:
12/22 @ 2:43 PM



December 21, 2016

Ms. Brenda Graham, Procurement Officer
The City of Aberdeen, Maryland
60 N. Parks Street
Aberdeen, MD 21001

Dear Ms. Graham:

Wastewater Capital Loan: Manufacturers and Traders Trust Company (the "**Bank**") is pleased to offer our intent to bid on a tax exempt bank loan for The City of Aberdeen, MD (the "**Borrower**"), for the purpose of funding equipment and infrastructure for Wastewater operations under the following terms and conditions:

- 1) **Borrower**
The City of Aberdeen, Maryland
60 N. Parks Street
Aberdeen, MD 21001
- 2) **Amount and Form of the Note:**
General Obligation Note: \$1,395,178 Bank Qualified Tax Exempt Term Note
- 3) **Term and Maturity of the Note:**
5 years from closing. See Repayment Terms in Section 5.
- 4) **Purpose of the Note:**
This General Obligation Note is for funding equipment and infrastructure for Wastewater operations.
- 5) **Structure and Repayment Terms:**
The Note shall be in the form of a fully amortizing Bank Loan, fixed interest rate. Principal and Interest payments will be paid quarterly beginning 90 days from closing and continuing to Maturity.
- 6) **Rate of Interest per Annum:**
The Note shall (subject to the following terms) bear a Tax Exempt fixed rate of interest based on the Bank's 5 year COF + 1.05 %. A fixed rate of 2.10 % is indicative as of December 20, 2016, on the outstanding principal balances. The actual rate will be fixed 2 business days prior to closing.
- 7) **Prepayment Privileges**
The Borrower will have the option to prepay any portion of the outstanding principal. During the first 18 months, the Borrower will pay a 1% fee of the principal outstanding being prepaid. After 18 months, the principal outstanding can be prepaid at any time without fee or penalty.
- 8) **Security:**
The Note will be the general obligation of the City, backed by the full faith, credit and unlimited taxing power of The City of Aberdeen.

9) Reporting Covenants:

The Borrower will be required to submit to the Bank its audited financial reports within 180 days from the close of the Borrower's fiscal year and to provide other information as is reasonably requested by the Bank.

10) Opinion of Counsel:

An opinion of legal counsel shall be delivered in a form satisfactory to the Bank evidencing the fact that this borrowing has been duly authorized by the Borrower.

11) Fees and Expenses:

If the Borrower's bond counsel prepares the documents and provides a reliance letter that runs to the Bank, there will be no legal cost. All fees will be waived with the exception of normal and reasonable legal documentation review costs, not to exceed \$1,000. The Borrower agrees to indemnify and hold harmless the Bank, to the extent permitted by law, against any and all claims, which may be incurred in connection with this borrowing.

12) Preparation of Documents:

The Bank shall be listed as "Manufacturers and Traders Trust Company" in all documentation. The Borrower's legal counsel will prepare all necessary loan documentation with the approval of the Bank, in addition to any other documents that may be required.

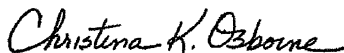
13) Acceptance:

To move forward, this Proposal must be signed and delivered to the Bank no later than the close of business on January 13, 2017. The Bank will work expeditiously with the Borrower to obtain approval for this loan request. Approval is subject to a review of the past 3 years financial statements for The City of Aberdeen and the 2017 budget. *This proposal is for discussion purposes only, is contingent upon the proper level of approval by the Bank, and is not to be considered a commitment for funding.* If the borrower does not accept this Proposal by the close of business on January 13, 2017 this proposal will expire unless extended in writing by the Bank.

This offer is contingent upon the final credit approval of the Bank and the successful delivery of documents satisfactory to the Bank. We are proud to partner with The City of Aberdeen and look forward to your evaluation of our proposal.

Should you have any questions, please do not hesitate to contact me at (410) 244-4449.

Sincerely,



Christina K. Osborne
Vice President
Government Banking

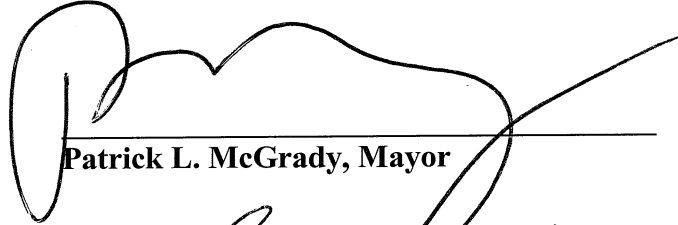
Accepted:

Signature of Authorized Officer

Title of Signer

Date

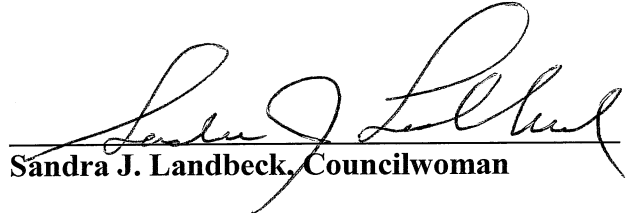
COUNCIL OF THE CITY OF ABERDEEN



Patrick L. McGrady, Mayor



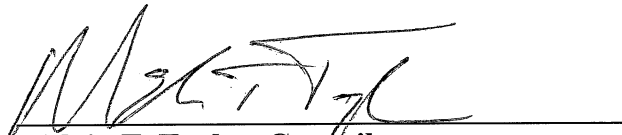
Steven E. Goodin, Councilman



Sandra J. Landbeck, Councilwoman



Timothy W. Lindecamp, Councilman



Melvin T. Taylor, Councilman

ATTEST:

SEAL:


Monica A. Correll, City Clerk

Date January 9, 2017